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INTRODUCTION

Eaton County Prosecuting Attorney (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity and to obtain support orders for all cases where the Eaton County PA had jurisdiction. The Eaton County PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Eaton County PA for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Eaton County PA for the period January 1 through September 30, 1996. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Eaton County PA overbilled FIA for pension cost, and did not offset income from charges for copies against costs billed to FIA. The State share of the net amount overbilled by the Eaton County PA was \$525 (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$525 from the Eaton County PA.

PA RESPONSE

The Eaton County PA responded in a letter dated December 21, 1998 that they disagreed with finding #4 because the Office of Child Support had not informed them of the change in the federal requirements for allocating employee time.

FINDINGS

Personnel - Pension Cost Over Billed to FIA

1. The Eaton County PA over billed FIA \$46 in 1996 for pension cost using a higher rate of contribution than the rate of contribution specified in the Actuarial Cost Plan. Federal Office of Management and Budget (OMB) Circular A-87 requires that billings be based on actual costs. (See Schedule A).

Other Income –Copy Fees Collected

2. The Eaton County PA overbilled FIA \$691 because costs were not offset by income generated by charging defense attorneys for copies of PA reports. OMB Circular A-87, Attachment A, C-3 requires cost to be net of applicable credits (See Schedule A).

Central Services Costs

3. The Eaton County PA underbilled FIA \$581 for Central Services costs in 1996 as a result of changing its fiscal year. However, they overbilled the same \$581 in 1997. Therefore, no adjustment is necessary.

Employee Time Allocation

4. Eaton County PA did not document actual hours worked on the IV-D Program for each employee who worked only part of their time on the IV-D Program, as required by OMB Circular A-87. Rather, the PA billed based on a quarterly time study for all employees.

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$525 from the Eaton County PA.

WE ALSO RECOMMEND that the Family Independence Services Administration advise the Eaton County PA of the OMB Circular A-87 requirements for allocating employees' time.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel	1996	\$ (267)	17.09%	\$ (46)		
2	Income	1996	\$ (4,041)	17.09%	\$ (691)		
Grand Total of the IV-D Audit Adjustments					\$ (737)		
Calculation of the Payment Due the (State) County							
Audited IV-D Amount					\$ 98,720		
IV-D Amount Used for the Payments Actually Made					\$ (99,457)		
IV-D Audit Adjustment Due (State) County					\$ (737)	71.25%	\$ (525)